

Assembly Bill No. 1860

CHAPTER 174

An act to amend Section 17213 of the Financial Code, relating to financial institutions.

[Approved by Governor July 18, 1998. Filed with
Secretary of State July 20, 1998.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1860, McClintock. Financial institutions: escrow agents.

Existing law, known as the Escrow Law, prohibits any person from engaging in business as an escrow agent within the state except through a corporation organized for that purpose and duly licensed by the Commissioner of Corporations. Existing law also prohibits the acquisition of any escrow agent license, either in whole or in part, through stock purchase, foreclosure pursuant to a pledge or hypothecation, or other devices without the consent of the commissioner, and requires that a new application for licensure be filed prior to the transfer of 10% or more of the shares of an escrow agent.

This bill would, in addition, prohibit the acquisition of any escrow agent license directly or indirectly through the methods listed above without the consent of the commissioner, and would require that the escrow agent file the new application for licensure prior to the transfer of 10% or more of the shares of the escrow agent unless the transfer will be made by an existing shareholder to another existing shareholder who also owns 10% or more of the shares of the escrow agent before the transfer.

The people of the State of California do enact as follows:

SECTION 1. Section 17213 of the Financial Code is amended to read:

17213. (a) An escrow agent shall not transact business pursuant to this division under any other name than that set forth in the articles of incorporation as filed with the commissioner.

(b) An escrow agent's license is not transferable or assignable. Further, no license may be acquired, either in whole or in part, directly or indirectly, through stock purchase, foreclosure pursuant to a pledge or hypothecation, or other devices without the consent of the commissioner. Prior to the transfer of 10 percent or more of the shares of an escrow agent, the escrow agent shall file a new application for licensure as required by Section 17201. However, a new application for licensure shall not be required to be filed by the

escrow agent if the transfer of 10 percent or more of the shares of the escrow agent will be made by an existing shareholder to another existing shareholder who also owns 10 percent or more of the shares of the escrow agent before the transfer.

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